



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

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CALIFORNIA TREASURER ANGELIDES RESPONDS TO SCHWARZENEGGER ADMINISTRATION'S APPROVAL OF WELLPOINT HEALTH NETWORKS-ANTHEM MERGER

SACRAMENTO, CA -- California State Treasurer Phil Angelides had the following comments today in response to the decision by Gov. Schwarzenegger's Department of Managed Health Care to approve the merger of WellPoint Health Networks, Inc. and Anthem, Inc.:

"I am appalled by the Schwarzenegger Administration's decision to approve the merger of WellPoint and Anthem, leaving intact the egregious bonuses and severance packages that WellPoint executives will reap from the merger.

"California law says that no health plan shall spend 'an excessive amount' on administration, including pay for its top executives. Yet by the very fact of this merger, top WellPoint executives will receive huge bonuses – whether they stay with the merged company or whether they leave, whether the merged company prospers or flounders, whether the merger benefits or hurts shareholders and health consumers. In all, these executives stand to gain as much as \$600 million in bonuses and accelerated stock options. If that's not excessive, what is?

"These obscene payouts will come out of someone's pocket. WellPoint and Anthem insist that investors will not bear the burden. Now the Schwarzenegger Administration claims that California health care consumers will not be saddled with the burden, either.

"In fact, these unjustifiable bonuses will hurt both shareholders and consumers. Gov. Schwarzenegger has chosen to protect an outrageous unearned payday for a handful of WellPoint executives, and to send the bill to California families and employers struggling to pay the soaring cost of health insurance."